

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
BEFORE THE IOWA UTILITIES BOARD**

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**IN RE:**

**APPLICATION OF LIBERTY  
UTILITIES FOR GAS RATE  
INCREASE PROCEEDING**

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) **DOCKET NO. RPU-2016-0003**  
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**DIRECT TESTIMONY  
OF  
MAYOR THOMAS D. MARION**

**Q: PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.**

**A:** My name is Thomas D. Marion. The City's Business Address is 415 Blondeau Street, Keokuk, Iowa 52632.

**Q: BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY?**

**A:** I am the elected Mayor of the City of Keokuk.

**Q: ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

**A:** I am testifying on behalf of the Citizens of Keokuk, The City Council of the City of Keokuk, and the City of Keokuk, to express our concerns with this rate hike.

**Q: PLEASE DESCRIBE YOUR BACKGROUND BEFORE BECOMING MAYOR OF KEOKUK.**

**A:** I received my Bachelor Degree from Simpson College in 1971, and my Juris Doctor from Vermont Law School in 1978. I went on to practice law in Keokuk from 1978 until I was elected Mayor in 2009, and served as City attorney for most of that period of time.

**Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

**A:** The City is extremely concerned by the proposed rate hike. We both object in principle to the huge increase proposed by this hike, as well as to the methodology employed by Liberty Utilities in coming to this Board.

**Q: WHAT IS THE CITY'S INTEREST IN THIS PROCEEDING?**

**A:** The City, and its various Departments and associated Agencies, are customers of Liberty Utilities, taken as a whole, we are probably one of the largest consumers in Iowa of Liberty Utilities' services. Additionally, numerous concerns were raised with some of the factual baseis for this rate hike, and the impacts on Keokuk's services and citizens makes this a priority for us to address.

**Q: HAVE YOU READ THE TESTIMONY OF LIBERTY UTILITIES?**

**A:** Yes.

**Q: WHAT DO YOU AND THE CITY FEEL IS MISSING FROM THIS INFORMATION?**

**A:** Quite a bit. More than just missing, however, there are a number of things that Liberty Utilities claims in their testimony to justify the hike that are misleading.

**Q: WHAT DO YOU MEAN?**

**A:** For instance, their testimony calculates the loss of Keokuk Steel Castings, despite the fact that the business is both reopening and expanding. Yet, when the City confronted Liberty Utilities' officers about this, the gas company informed us that they refuse to recalculate the rate hike based on this.

**Q: CAN YOU TELL US MORE ABOUT THE REOPENING OF STEEL CASTINGS?**

**A:** Yes, the company was sold in October of 2016, and the new owners have been granted both Iowa Economic Development Authority financing, as well as some local incentives in order to reopen by the end of the year, 2016.

**Q: AND THAT OPERATION WILL BE THE SAME SIZE AS THE PREVIOUS COMPANY?**

**A:** Yes, as a condition of the funding, a Development Agreement [Attached as City of Keokuk Exhibit A], was executed and specifies the conditions of the funding streams.

**Q: YOU SAID YOU SPOKE WITH LIBERTY UTILITIES' OFFICERS? HOW DID THAT OCCUR?**

**A:** Following the City Council raising concerns about the proposed rate hike, myself the City Administrator, Aaron Burnett, and I met with representatives from Liberty Utilities.

**Q: HOW DID THAT CONVERSATION GO?**

**A:** They were very nice people and described their concerns with the current rates. We then we raised questions about the methodology used to arrive at the proposed rate numbers, as well as some of our concerns about the impact that the proposed rate would have on the local economy. They, however, indicated that they had no interest in correcting their testimony, as with the aforementioned Steel Castings, and were otherwise unsympathetic to the impacts on the City, local businesses, and the community.

**Q: WHAT ADDITIONAL CONCERNS DO YOU HAVE ABOUT THIS PROPOSED RATE HIKE?**

**A:** Yet another example of why this rate hike is ill-advised is that the United States Environmental Protection Agency (EPA) mandated a sewer separation project, for which the City has to foot the bill. The EPA's order further required the City to raise our sewer fees by 8.25% over the last two years. Between these mandated increases and the gas company's proposed increase the citizens will suffer from

sticker shock, and the additional costs to the City to pay the gas bills, will require us to look to the taxpayers again, and raise our service fees on them even more.

**Q: AREN'T THOSE RATE INCREASES REASONABLE?**

**A:** Not at all. Based on the last figures I have, which were published by the US Census Bureau, in 2013, the median per capita income in Keokuk was \$19,870.00 per year. Additionally, the last low to medium income (LMI) survey in Keokuk which occurred within the last couple of years, 55% of residents were at or below the low figures. Our citizens, many of whom are on fixed incomes, just do not have the money to pay rates which jump from about eight dollars (\$8) a month to twenty-eight dollars (\$28) a month in two years.

Moreover, the fact that Liberty Utilities talks about the decrease in both population and number of businesses located in Keokuk underscores the danger of such a major rate hike. Take for instance, their own calculations on the the 88% increase on medium commercial. These will rise, according to them, from an average of \$263.00 per month to \$496.00, which to me is higher than 88%. I would also suggest that such an increase will incentivize businesses to relocate the mile or so out of town to be served by another utility, further injuring the community and making the rate base even weaker.

**Q: IS THERE ANYTHING ELSE YOU WOULD LIKE TO ADD TO THE RECORD?**

**A:** I would just note that the Lee County Board of Supervisors voted to oppose the rate hike as well. Both they, and the City, strongly feel that this proposed rate hike would have a significant adverse effect on the families, businesses, schools, and potential for economic development in this community.

Similarly, I worry about the Keokuk Area Hospital. Like many rural hospitals, finances are tight, and they have, in recent years, repeatedly received money from both the City and the County in order to compensate for poor reimbursements for services due to high numbers of Medicaid and uninsured patients. With this new burden, the budgets will still have to be maintained, and I worry the only ways that will occur are either by eliminating services or seeking more money from the local government jurisdictions-- the only possible outcomes of such a substantial increase in rates, that I see, have substantial detrimental effects on our community.

The City of Keokuk is a proud community with a rich cultural heritage that has been a central to the development of this country and state, but today it is being asked to foot a bill that is simply too large for the population served. I would implore the Board to consider these factors when resolving this case.

**Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

**A:** Yes.

**AFFIDAVIT**

STATE OF IOWA                    )  
  ) ss.  
COUNTY OF LEE                 )

I, THOMAS D. MARION, being first duly sworn on oath, do hereby depose and state:

1.       That I am Mayor of the City of Keokuk, and my business address is 415 Blondeau Street, Keokuk, Iowa 52632.
2.       That the foregoing written Direct Testimony, and any exhibits thereto, were prepared by me or under my direct supervision, and that I have directed my written testimony to be filed with the Iowa Utilities Board this 8th day of November, 2016.
3.       I hereby affirm that my written Direct Testimony is true and correct, to the best of my knowledge and belief, as of the date of this affidavit.

Signed this 8th day of November, 2016 at Keokuk, Iowa.

/S Thomas D. Marion  
Thomas D. Marion, Mayor

Subscribed and sworn to before me, this 8th day of November, 2016.

/S Jean Ludwig  
Jean Ludwig, City Clerk and Notary Public in and for the State of Iowa  
Commission Number: [REDACTED]  
My Commission Expires: [REDACTED]